



Severance Tax Credit Study Group  
October 1, 2008, 1-4 p.m.  
**1144 Sherman St.**  
**Colorado Municipal League Offices**  
**Call-in Number 1-800-791-2345 PIN 60817**

1. Introductions and Update – Susan Kirkpatrick
2. Review of Modernization Options for Severance Tax Credit
  - a. Nine problems identified needing modernization include:

Confusing and conflicting language; verification of contribution; and structure to enable oil and gas to benefit from use of the credit;
3. Review of Tax Credit Reform Options
  - a. Increasing the authorization in use debt with severance tax
  - b. Review of Bonding element
  - c. Other ideas
4. Organize next meeting and Adjourn
  - a. December 9, 2008 next meeting
  - b. Review Recommendations to General Assembly

## **Modernization of Severance Tax Credit**

1. Current language on timing and amounts of new and increased production is confusing and prevents the use of the credit
2. Conflicting and confusing language on unit of local government
3. Department of Revenue currently not a formal party to the review of the contribution
4. No provision made for verification of contribution amounts and values after the fact
5. Definition of mineral production is unclear
6. Description of contribution-for-credit agreements are disorganized in statute which seem to increase confusion and lack of use of the tax credit
7. Lack of sufficient clarity on how severance tax credits can be claimed by the oil and gas industry
8. Exercise of current tax credit puts the Department of Natural Resources at some risk.
9. Companion corporate tax credit for impact assistance contributions requires similar reforms listed above